

## C91H00 Office of People's Counsel

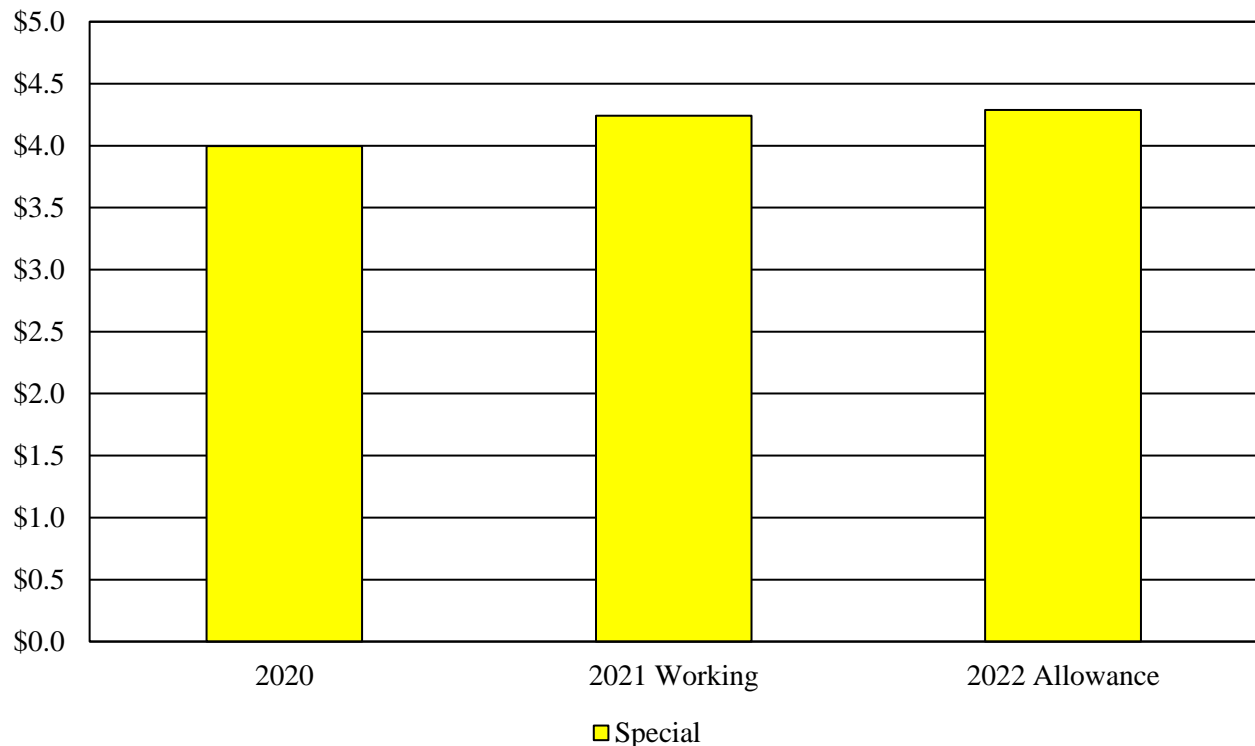
### Program Description

The Office of People's Counsel (OPC) represents the interests of residential users of natural gas, electricity, telephone, and private water service before the Public Service Commission (PSC), various federal regulatory commissions, and the courts. In addition, OPC acts as a resource by providing education, referrals, and training. OPC also helps residential users to resolve problems with utility service and locate financial assistance for ratepayers having difficulty paying utility bills. OPC is funded with special funds derived from an assessment on public service companies.

### *Operating Budget Summary*

---

**Fiscal 2022 Budget Increases \$47,665, or 1.1%, to \$4.3 Million**  
(\$ in Millions)



Note: The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions and annualization of general salary increases.

## **Fiscal 2021**

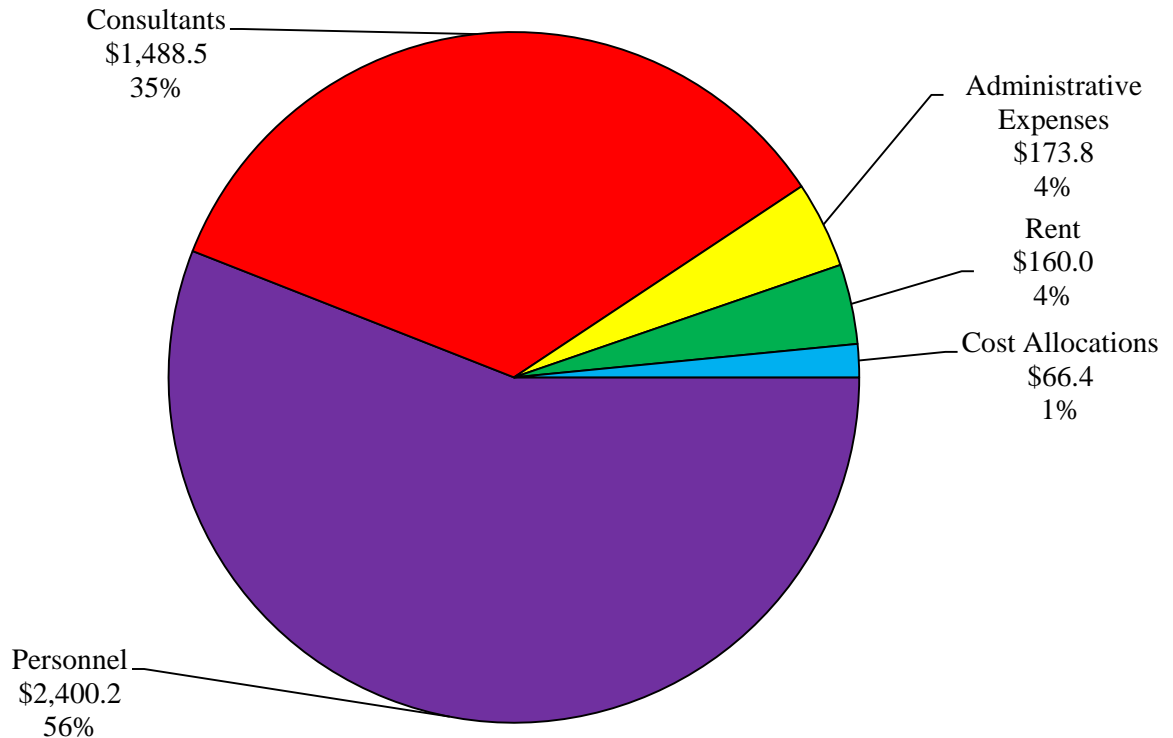
### **Cost Containment**

Actions approved by the Board of Public Works on July 1, 2020, reduced the special fund appropriation of OPC by \$4,461 due to an across-the-board reduction in unemployment insurance contributions.

## **Fiscal 2022 Overview of Agency Spending**

The fiscal 2022 allowance of OPC totals \$4.3 million. As shown in **Exhibit 1**, more than half (56%) of OPC’s fiscal 2022 allowance is dedicated to personnel costs to support the 19 positions of the agency. Outside of personnel expenses, the largest share of OPC’s budget is annually directed to legal services support, which is 35% of the agency’s budget. These services are used to assist OPC with matters for which it does not have technical expertise in cases before various regulatory bodies and the courts. The need for these services may vary from year to year, depending on case activity and is often unknown in advance. However, recent spending has been fairly consistent. From fiscal 2018 through 2020, OPC spent an average of \$1.5 million on these costs. The fiscal 2022 allowance for these expenses is generally reflective of the most recent actual experience and the three-year average of expenditures.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2022 Allowance**  
**(\$ in Thousands)**



Note: The fiscal 2022 allowance includes contingent reductions and annualization of general salary increases.

Source: Governor’s Fiscal 2022 Budget Books; Department of Legislative Services

---

### Proposed Budget Change

As shown in **Exhibit 2**, OPC’s fiscal 2022 allowance increases by \$47,665, or 1.1%, compared to the fiscal 2021 working appropriation after accounting for statewide employee compensation adjustments. The largest areas of change occurred in personnel, primarily due to higher employee and retiree health insurance expenses (\$39,104) and the annualization of the general salary increase provided on January 1, 2021, (\$18,860).

---

**Exhibit 2**  
**Proposed Budget**  
**Office of People’s Counsel**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>Special Fund</u></b>	<b><u>Total</u></b>
Fiscal 2020 Actual	\$3,996	\$3,996
Fiscal 2021 Working Appropriation	4,241	4,241
Fiscal 2022 Allowance	<u>4,289</u>	<u>4,289</u>
Fiscal 2021-2022 Amount Change	\$48	\$48
Fiscal 2021-2022 Percent Change	1.1%	1.1%

<b>Where It Goes:</b>	<b>Change</b>
<b>Personnel Expenses</b>	
Employee and retiree health insurance.....	\$39
Annualization of the 2% general salary increase, effective January 1, 2021 .....	19
Restoration of one-time reduction in State agency unemployment insurance contributions..	4
Social Security contributions .....	-1
Employee retirement .....	-5
Regular earnings due to budgeting vacant positions at lower salaries .....	-10
<b>Other Changes</b>	
Westlaw legal research tool to better reflect recent experience .....	5
Computer maintenance contracts due to increased security needs and equipment in remote work environment .....	2
Cost allocations .....	1
In-state travel to align with need based on fewer in-person hearings .....	-2
Printing of materials due to increased virtual outreach and fewer cases on appeal .....	-5
<b>Total</b>	<b>\$48</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions and annualized general salary increases.

---

***Personnel Data***


---

	<b><u>FY 20</u></b>	<b><u>FY 21</u></b>	<b><u>FY 22</u></b>	<b><u>FY 21-22</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	19.00	19.00	19.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions

0.00 0.00%

Positions and Percentage Vacant as of 12/31/20

4.00 21.05%

Vacancies Above Turnover

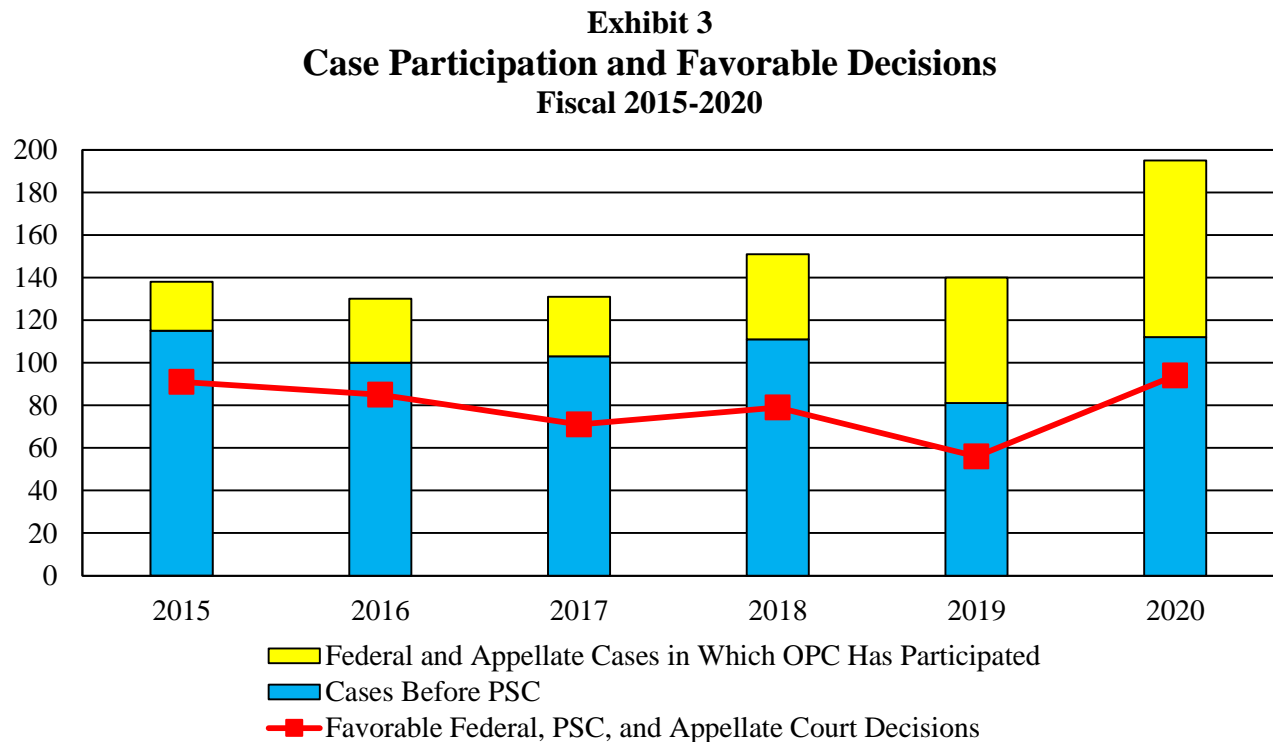
4.00

- OPC has 4 vacant positions, 3 of which have been vacant for longer than nine months. OPC explains that the hiring freeze delayed the filling of these positions. However, after obtaining hiring exemptions, interviews have been completed for 2 of the positions with the third position recently reposted.

## Key Observations

### 1. OPC Case Participation Increases

OPC has limited control over the activities of the agency because of its statutory obligation to represent the interests of residential ratepayers. As a result, the agency’s activities are driven by utility filings or regulatory actions by other entities. As shown in **Exhibit 3**, OPC experienced an increase of 39% in case participation in fiscal 2020, which occurred among both cases before PSC and appellate or federal cases in nearly equal proportions. This level of participation was the highest since fiscal 2012. Historically, the vast majority of cases in which OPC participates have been before PSC, exceeding 75% in each year between fiscal 2010 and 2017. The share of cases before PSC declined substantially from approximately 73.5% in fiscal 2018 to 57.9% in fiscal 2019 and stayed near that level in fiscal 2020. Despite the continued lower share of activity, the number of cases before PSC returned to more typical levels. This level of PSC activity is likely to continue in fiscal 2021 as the impact of COVID-19 on customers and utilities has spurred additional activity along with continuing higher activity related to energy supplier complaints and the new multi-year rate plan pilots.



OPC: Office of People’s Counsel  
PSC: Public Service Commission

Source: Office of People’s Counsel; Department of Budget and Management; Governor’s Fiscal 2019-2022 Budget Books; Department of Legislative Services

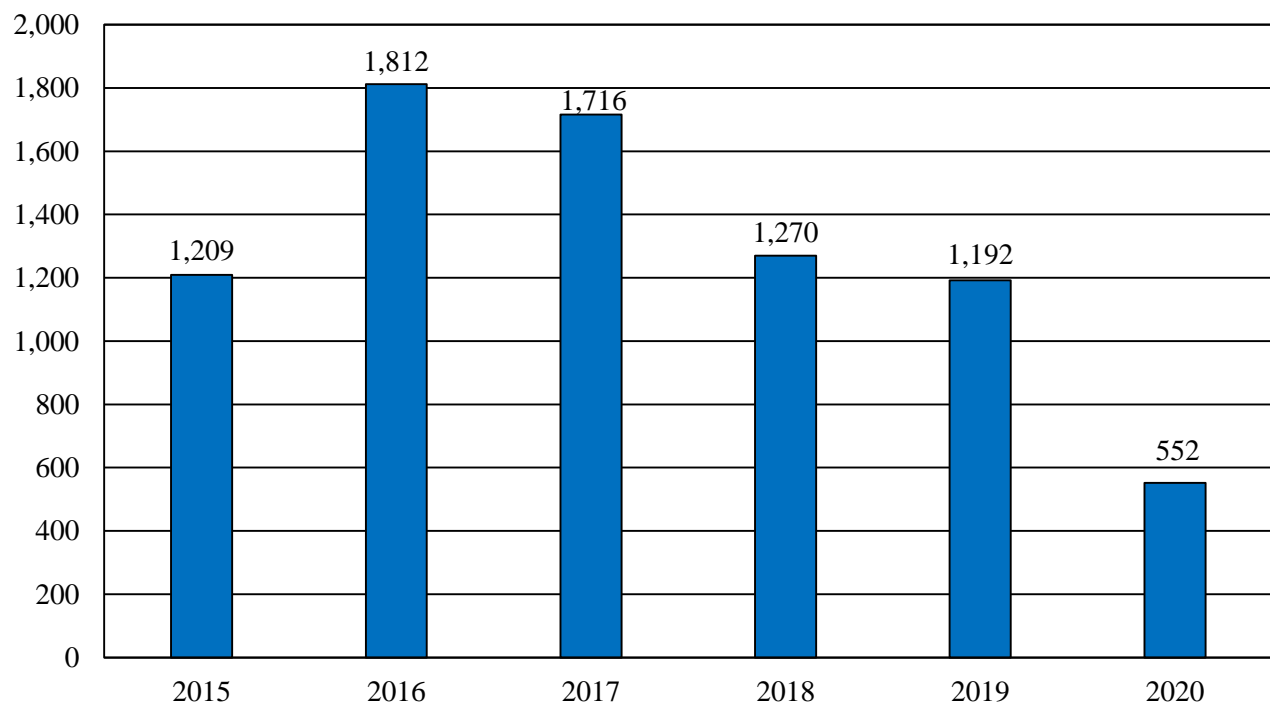
OPC explained that the increased federal activity beginning in fiscal 2019 followed the end of a multi-year lull in activity at the Federal Energy Regulatory Commission (FERC) and activity related to the federal Tax Cuts and Jobs Act of 2017. OPC explained that, in fiscal 2020, FERC issued a number of controversial rulings that resulted in additional proceedings and activities.

The number of favorable decisions, as determined by OPC, rebounded in fiscal 2020 to 94, an increase of 67.9% compared to fiscal 2019. The increase occurred, in part, due to the increase in overall case activity, as the number of favorable decisions generally varies with case participation. However, as a share of cases in which OPC participates, the rate of favorable decisions increased for the first time since fiscal 2014, from 40% in fiscal 2019 to 48.2% in fiscal 2020. Despite the increase, the fiscal 2020 level remains below historic levels. OPC notes that in recent years, a broader range of stakeholders has participated in cases, and these stakeholders may advocate positions different than OPC in terms of residential interests.

## 2. Calls for Assistance Decrease After Utility Termination Moratorium

While the number of calls to OPC for assistance fluctuates year to year, OPC tends to experience increases in calls in periods with extreme heat or cold or periods of economic downturn. After declining by 25% in fiscal 2018, the number of calls for assistance decreased modestly in fiscal 2019 (6%). As shown in **Exhibit 4**, in fiscal 2020, calls for assistance decreased by more than 50% and were at the lowest level in more than 10 years. Calls for assistance were impacted by the moratorium on utility terminations in effect through Executive Order and PSC action from March 16, 2020, through November 15, 2020. Without utility termination notices, fewer households sought assistance for past due or unaffordable bills for most of this period. This impact was also notable in applications for energy assistance and calls to PSC. Utilities were able to begin sending termination notices beginning October 1, 2020, and OPC reports that calls rebounded to a level modestly higher than usual following that date. OPC also notes that additional training provided by OPC has allowed some calls to be handled by other entities rather than the agency. However, the Director of Consumer Assistance has focused on increasing outreach efforts, which is expected to result in additional calls, particularly in the latter part of fiscal 2021.

**Exhibit 4**  
**Calls for Assistance or Information**  
**Fiscal 2015-2020**



Source: Office of People’s Counsel; Department of Budget and Management; Governor’s Fiscal 2019-2022 Budget Books



## ***Operating Budget Recommended Actions***

---

1. Concur with Governor’s allowance.

**Appendix 1**  
**Object/Fund Difference Report**  
**Office of People's Counsel**

<u>Object/Fund</u>	<u>FY 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u> <u>Appropriation</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21 - FY 22</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	19.00	19.00	19.00	0.00	0%
<b>Total Positions</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,132,470	\$ 2,333,166	\$ 2,361,145	\$ 27,979	1.2%
02 Technical and Spec. Fees	1,493,278	1,483,504	1,483,504	0	0%
03 Communication	9,088	10,801	10,801	0	0%
04 Travel	5,843	17,000	15,000	- 2,000	- 11.8%
07 Motor Vehicles	9,100	11,500	11,500	0	0%
08 Contractual Services	112,311	128,856	126,683	- 2,173	- 1.7%
09 Supplies and Materials	74,126	66,000	71,000	5,000	7.6%
13 Fixed Charges	159,729	170,196	170,195	- 1	0%
<b>Total Objects</b>	<b>\$ 3,995,945</b>	<b>\$ 4,221,023</b>	<b>\$ 4,249,828</b>	<b>\$ 28,805</b>	<b>0.7%</b>
<b>Funds</b>					
03 Special Fund	\$ 3,995,945	\$ 4,221,023	\$ 4,249,828	\$ 28,805	0.7%
<b>Total Funds</b>	<b>\$ 3,995,945</b>	<b>\$ 4,221,023</b>	<b>\$ 4,249,828</b>	<b>\$ 28,805</b>	<b>0.7%</b>

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, general salary increases or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or annualization of general salary increases.

C91H00 – Office of People's Counsel